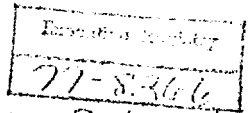


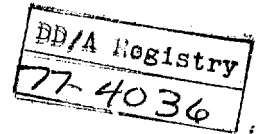
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11 JUL 1977

PERS 77-2304



MEMORANDUM FOR: Director of Central Intelligence

FROM : E. H. Knoche  
Deputy Director of Central Intelligence

SUBJECT : Executive Advisory Group Activity with  
Regard to Personnel Policy

1. Action Requested: None; for information only.

2. I mentioned to you late last week that the Executive Advisory Group (EAG) beginning last October and particularly during the last two months has been very actively involved in reviewing, modifying and fine tuning the Agency's personnel management system. Much of this activity resulted from an Attitudinal Survey undertaken in August of 1976. This survey, which was made from a carefully selected 25 percent sampling of our employees, was designed to measure employee perception of the Agency's personnel management system which had been drastically changed in January 1974. As a result, during the past six months the EAG has reviewed in detail such aspects of our personnel management policy as promotion criteria, grievance procedures, inter- and intra-Directorate rotation, letters of instruction from the supervisor to the employee, use of the Quality Step Increase, separation procedures, the state of morale in the Agency, the role of women in the Agency, the selection of key operating officials, the mix and balance of personnel in the Agency, the initial assignment and orientation of new employees, career development procedures, our policy with regard to marriage to aliens, the length of the probationary period for new employees, and supergrades. Actions resulting from these reviews have caused us to revise Agency regulations on promotion, grievance procedures, separation procedures and alien marriage.

3. In addition, the EAG studied what we might call the top executive positions in the Agency and selected some 40 of these for annual consideration to ensure that the Deputies had the opportunity for putting forward the names of employees in their respective career services who were either already

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able to fill any vacancies in these top positions, but also to note those individuals who with proper further development would be able to fill such jobs some three years hence.

STATINTL 4. Currently, the EAG is heavily involved with evaluating the supergrade population. We are doing this in part against the possibility that at some point in the future the Agency's ceiling of [REDACTED] supergrades, as imposed by the Office of Management and Budget, may be cut either by OMB or the Congress. Also, this is the time of year for our supergrade promotion exercise, and since the number of recommendations to supergrade status exceeded our ceiling, and since I am aware of your desire for flexibility in bringing in individuals of your choice with supergrade rank, this was obviously the time to develop a policy with regard to the number of new supergrades against the size of ceiling we should keep open. You have in hand my recommendations on this subject. Last week we completed our review of the GS-18's as ranked by the Deputies and in fact discussed those falling in the upper and lower 20 percent. None of the latter fell in the low three percent category since all were making a valuable contribution. This week we will similarly look at the GS-17's, next week the GS-16's and three weeks hence the GS-15's. I intend these exercises to force a hard look at where we might be carrying senior personnel whose separation would benefit the Agency.

5. Further, on the subject of desired personnel flow in and out of the Agency, which, of course, also bears on the supergrade problem, the Director of Personnel at my direction and with the agreement of the EAG is presently reviewing those employees who were evaluated by grade in the bottom three percent in the five career services for the past three years to make sure that appropriate action has or is being taken to counsel, reassign, retrain or terminate. He is also reviewing those employees who are in Personal Rank Assignment (PRA) status. As you remember, promotions in this Agency are effected on the basis of excellence rather than the grade of the job. This means that we always have a certain number of employees graded above the position which they momentarily occupy. Our policy is not to promote above the grade of the position unless the career service has in fact a plan to move the employee into a suitably graded position within a two-year period. As a result of this year's Annual Personnel Plan we found that the number of PRA's had been increasing annually over the past several years to a worrisome extent. We were particularly aware that much of this increase was the result of the career services not following the two-year procedure and we therefore directed

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the Office of Personnel to review the individual PRA's with a view to correcting the current imbalance by 1 September. We will of course be most interested in any employees who might have been both PRA's and in the bottom three percent category. You should understand that some of our employees in the bottom three percent are competent individuals -- often specialists -- who are valuable contributors to our day-to-day requirements even though they may have leveled off at their present grade and are neither aspiring nor in competition for higher level responsibility. To facilitate the flow out by retirement, I will be instituting a voluntary/involuntary retirement exercise from 15 July through the end of the fiscal year. This management tool permits the Deputies to "surplus" employees either across the board or in specific categories depending on where there is indeed a surplus situation as compared with ceiling. Thus, individuals who desire to retire but have not attained the required age can in fact leave through the surplus route during the prescribed period. We have recently sought and received Civil Service Commission approbation for this tool.

6. You have mentioned the need for an Agency-wide panel system to evaluate all of our professional employees. This is a subject which the EAG will also address. I am sure you are aware that the career services each have such a panel/board system and indeed in some cases it extends to our clerical service. I believe that this panel system works well and to the advantage of our most talented employees. There is merit to doing such evaluations on a career service basis since the smaller numbers evaluated by career service as opposed to Agency-wide panels permit a greater first-hand knowledge of the individuals evaluated and also facilitate the comparison of employees in similar types of positions, such as Research Analysts in the Directorate of Intelligence, Operations Officers in the Directorate of Operations, and scientifically trained personnel in the Directorate of Science and Technology.

7. We expect that this EAG concentration on personnel policy will have salutary effects on the kinds of problems raised by [REDACTED] and also raised at your meetings with various groups of employees. I think we should plan another Office of Personnel Attitudinal Survey in early 1978 to give us a reading.

Signed

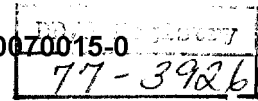
E. H. Knoche

STATINTL

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EYES ONLY



7 JUL 1977

MEMORANDUM FOR: Acting Deputy Director for Administration  
FROM : F. W. M. Janney  
Director of Personnel  
SUBJECT : Meeting with DDCI

1. Mr. Knoche asked me to a 1430 meeting on Thursday, 7 July, to discuss upcoming EAG sessions on personnel management. Present were Jim Taylor, [REDACTED]

[REDACTED] The DDCI was specifically addressing himself to the draft memorandum from the DCI's office on Personnel Policy sent to you last week for comment. *Mr. Ben* [REDACTED] asking for time until *you* returned from leave, and in the meanwhile, *Mr. Ben* directed Ben to prepare a rewrite of the Director's memorandum in order to get around such language as the "up or out policy." The DDCI, speaking specifically to me, said he did not want us involved in redrafting, that this would be simply spinning our wheels. The problem as he saw it was that the Director was not listening to him when he had explained more than once the activities of the EAG on this matter. The DDCI felt he had to find a medium whereby he could get across to the DCI what action has already been taken in the EAG, what matters on personnel policy are currently under discussion and with what timetable in mind.

2. Mr. Knoche asked that I devote my efforts to preparing such a memorandum for him to the DCI rather than trying to rewrite the DCI's memorandum. I said I would be leaving at noon the following day, Friday; I would be back in the office by 0930 on Monday and asked if COB Monday would be satisfactory. The DDCI agreed to this schedule.

[REDACTED]  
F. W. M. Janney

EYES ONLY

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# ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Personnel Policy

DD/A Registry

File *Q&M-(mag)*

FROM: John F. Blake  
Deputy Director for Administration

EXTENSION

NO. DDA 77-3969

DATE 11 July 1977

STATINTL

TO: (Officer designation, room number, and building)

DATE

RECEIVED FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Executive Assistant/DCI

7D-5607-Rqs

Bernie:

Attached is the file you sent me containing a memorandum on "Personnel Policy" concerning which you asked my comment. I mentioned to you on 1 July that several matters gave me cause for pause. I further suggested that I revise it slightly, but due to a week's forthcoming leave, I would submit it back to you by 12 July.

I learned today upon my return that Mr. Knoche requested, in my absence, that action be suspended on any revision to the memorandum. He indicated to Mr. Janney that he would have discussions with the DCI on this matter. Accordingly, I return the memorandum to you, as is until I receive further advice on the matter.

/s/ Jack Blake

John F. Blake

Att

12. DDA:JFBBlake:kmg (11 Jul 77)  
Distribution:

Orig RS - EA/DCI w/Orig of Att + DDA 77-3529, -3364, -3203)

13. 1 - DDA Subj w/cy of Atts

1 - DDA Chrono

1 - JFB Chrono

1 - D/Pers w/o atts

14. Att: Proposed memo to DDCI, DDA, DDO, DDS&T, DDI fr DCI, subj: Personnel Policy  
DDA 77-3529: Memo dtd 17 Jun 77 to DCI via DDCI fr DDA, subj: ADMAG Suggestions for the DCI

15. DDA 77-3364: Memo dtd 2 Jun 77 to DCI fr Chmn, ADMAG, same subj

DDA 77-3203: Memo dtd 7 Jun 77 to DDA fr DCI, subj: ADMAG

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ILLE

OFFICE OF THE DIRECTOR

Date:

TO:

*Jack Blake*

FROM:

*EA/OCT*

SUBJECT:

REMARKS:

*any Reaction to  
this memo?*

A  
C  
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MEMORANDUM FOR : Deputy Director of Central Intelligence  
Deputy Director for Administration  
Deputy Director for Operations  
Deputy Director for Science & Technology  
Deputy Director for Intelligence

FROM : Director of Central Intelligence

SUBJECT : Personnel Policy

1. A fair and workable career management system is one of the most important contributions to the health and morale of any organization. Beyond having an effective means for evaluating performance and recognizing superior performers, there must be room in the organization for capable individuals to rise to positions of greater responsibility. This implies an inherent personnel flow which can exist only if there is ample recruitment of new talent at the bottom, a vigorously enforced "up or out" policy at all levels, and the option for early retirement. Each of these areas is being carefully studied at this time.

2. However, it is expected OMB will impose personnel ceilings in the coming year which will require personnel reductions. The least equitable means of accomplishing these reduction, it seems to me, would be to impose across-the-board cuts in all directorates. A more equitable and less disruptive means would be to enforce extant policies in our career management system. Two policies in particular hold the potential for personnel reduction and at the same time opportunity to enhance personnel quality: careful monitoring of the probationary period for new employees and separation of those who have demonstrated the least potential for advancement at any level.



3. The Deputy Director for Administration is directed:

- a. to ensure effective supervisory action is taken to carefully evaluate the present performance and potential for future advancement of all new employees during the three year probationary period. If at any time during that period it becomes apparent that the employee consistently, and despite reasonable counselling, fails to perform satisfactorily or lacks promise of future growth, employment will be terminated.
- b. to give 90 days notice of termination of employment to the 78 individuals who have ranked in the lowest 3% for the past 3 years.
- c. to notify formally the 91 individuals who have ranked in the lowest 3% for 2 years that should they be so ranked for a third year their employment will be terminated.
- d. to provide me with an assessment of the impact an immediate reactivation of the service retirement option would have on each directorate.

STANSFIELD TURNER  
Director

17 JUN 1977

MEMORANDUM FOR: Director of Central Intelligence  
VIA : Deputy Director of Central Intelligence  
FROM : John F. Blake  
Deputy Director for Administration  
SUBJECT : ADMAG Suggestions for the DCI  
REFERENCE : Memo for DDA from DCI dtd 7 Jun 77, subj: ADMAG

1. Action Requested: Approval of the recommendations contained in paragraph 3.
2. Background: The three specific recommendations contained in ADMAG's memorandum of 2 June 1977 have been reviewed and commented upon as follows:

a. Identification of employees with least potential in all grades . . . to provide positions for new employees and advancement of on-board employees.

We have assumed the phrase "least potential" in Recommendation (a) refers to the lower percentile of employees identified in the Career Service rankings of personnel. Until the recent issuance of the revised [REDACTED], the Career Services were permitted to establish individual percentages for the identification of marginal employees. [REDACTED] however, establishes a common lower percentile of 3% for the ranking of employees whose performance requires Career Service review and provides uniform guidance and procedures for implementing the program. Until this new policy is in effect for at least a year, it would be difficult to assess the impact it will have on the advancement of other employees by making higher grade positions available or for the appointment of additional new employees.

The FY-77 Annual Personnel Plan (APP) statistics identified, for the Agency as a whole and using the individual Career Service percentages, 224 employees as having marginal performances. Ninety-one (91) have been in this lower percentile for

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two years, 78 for three years. As a follow up to the APP report, the Career Services have recently been asked to identify the employees who have been so ranked for two and three years and advise the action . . . i.e., training, counseling, reassignment, downgrading or separation . . . taken or planned to be taken in each instance. Until we are in receipt of these reports, we cannot judge the number or kinds of positions which may be made available through this process within the next year.

The downgrading or separation of employees in the lower percentile ranking who do not respond to counseling or training will undoubtedly free some positions for the assignment and advancement of on-board or new employees. A more significant result of taking positive actions in this type of situation, however, is the impact it will have on all Agency employees by highlighting management's concern with the level of employee performance and the consistent application of principles of sound personnel management.

b. Endorse the three-year probationary period for new employees.

The three-year probationary period will undoubtedly improve the effective appraisal of the performance of new Agency employees, to the benefit of both the employee and the Organization. To make it truly effective, however, the responsibilities of the supervisor must be continually emphasized by senior managers to the point of holding supervisors responsible for inadequate or hedging evaluations. There must be a check system to insure that supervisors are doing their job in relation to the new employees . . . training, counseling, guiding, and, when necessary, recommending separation. Periodic review procedures should be established in each Career Service for the supervisory level to follow; the Fitness Report schedule should not be the only trigger for reviewing the performance of new employees or for tracking the supervisor's performance of this major responsibility.

c. Seek approval for continued use of the 25-year discontinued service retirement option.

Agency management has instituted the discontinued service retirement option with effective results in several of the recent past years when ceiling and/or employee surplus circumstances warranted such action.

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The Office of Personnel is closely monitoring the Agency's on-duty strength/ceiling situation in the context of other personnel management reviews (promotion headroom, identification of grade group "blockages," etc.) currently under consideration by the Executive Advisory Group and in anticipation of probable OMB-instituted reductions in the Agency's overall personnel ceiling.

As these several considerations are resolved and courses of action are defined, application of the discontinued service retirement option may be instituted as appropriate and justified.

Circumstances may support Agency-wide application or more narrow application within a specific Directorate, certain of its sub-elements or only specific employee categories.

STATINTL

3. Recommendations:

a. That the current policies and procedures as outlined in [REDACTED] relative to Career Service responsibilities for ranking personnel and the identification of lower-ranked employees for subsequent managerial action be stringently implemented, monitored and enforced.

b. That continued emphasis be placed on effective supervisory action in the evaluation of new employees during the three-year probationary period.

c. That the discontinued service retirement option be retained and utilized by Agency management when appropriate to meet the manpower staffing requirements of the Agency.

/s/ John F. Blake

John F. Blake

APPROVED: \_\_\_\_\_

Director of Central Intelligence

DISAPPROVED: \_\_\_\_\_

Director of Central Intelligence

DATE: \_\_\_\_\_

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM

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ACTION	DIRECT REPLY	PREPARE REPLY
APPROVAL	DISPATCH	RECOMMENDATION
COMMENT	FILE	RETURN
CONCURRENCE	INFORMATION	SIGNATURE

Att: DDA 77-3969

## Remarks:

*Bernie*  
*Events have overtaken*  
*this file by virtue of*  
*Knoche's memo of 11 July*  
*to DCI*

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.

DATE

Deputy Director for Administration

14 Jul 77

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FORM NO.  
1-67

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Use previous editions

\*USGPO: 1976 - 202-953

(40)

DDA:JFBlake:kmg (14 Jul 77)

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- 1 - D/Pers w/cy of 11 Jul DDCI memo
- 1 - JFB Chrono

DDA 77-3969: PRS dtd 11 Jul 77 to EA/DCI re Personnel  
 Policy

"Bernie

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Events have overtaken this file by virtue of

Knoche's memo of 11 July to DCI. \* /s/Jack Blake"

33 Jul 77 to DCI fr DDCI, subj: Executive

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